

EXHIBIT 60

REDACTED CONTENT

FILED UNDER SEAL

1
2 UNITED STATES DISTRICT COURT
3 SOUTHERN DISTRICT OF NEW YORK

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5 SERGEY LEONTIEV,

6 Plaintiff,

7 -against-

8 ALEXANDER VARSHAVSKY,

9 Defendant.

10 Case No. 1:16-cv-03595-JSR
11 -----

12 January 11, 2017

13 10:04 a.m.

14 *** CONFIDENTIAL ***

15 DEPOSITION of CHARLES W.
16 LAURENCE, taken by Defendant, pursuant to
17 Notice, held at the offices of DEBEVOISE &
18 PLIMPTON LLP, 919 Third Avenue, New York,
19 New York before Wayne Hock, a Notary
20 Public of the State of New York.
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ALSO PRESENT:

RONALD MARRAZZO, Videographer

* * *

1 C. W. Laurence -- CONFIDENTIAL

2 THE WITNESS: It's mathematical,
3 your example. So as I explained, yes,
4 if you get -- if you consistently make
5 deals that don't get you the return of
6 your costs then that's cumulative
7 negatives which is a loss.

8 Q. We've been describing some of
9 your work as -- or sorry, we've been
10 discussing some of your work for clients
11 as a forensic accountant and consultant
12 with respect to valuing loans.

13 Have you ever been recognized as
14 an expert for purposes of trial with
15 respect to the valuation of loans?

16 A. I have not testified with
17 respect to that, no.

18 Q. And have you ever been
19 recognized as an expert for purposes of
20 trial with respect to the valuation of
21 other financial instruments?

22 A. I have not. We went through my
23 prior testimony.

24 Q. Are all of the documents you
25 relied on for purposes of your report

1 C. W. Laurence -- CONFIDENTIAL
2 reflected in appendix seven to your
3 report?

4 A. Yes, they are.

5 Q. Since issuing your report, have
6 you reviewed any documents not listed on
7 appendix seven that are related to this
8 case?

9 A. I have.

10 Q. Which documents were those?

11 A. I reviewed -- I reviewed
12 financial statements for Wonderworks and
13 for Ambika and for Vermenda Holdings.

14 Q. Do you remember the dates --
15 sorry, the years covered by those
16 financial statements for Wonderworks?

17 A. I believe it was the years
18 ending December 31, 2011 through the years
19 ending December 31, 2014.

20 Q. Okay.

21 And do you recall the years
22 covered by the financial statements for
23 Ambika that you reviewed?

24 A. As best I recall, it was the
25 years ending December 31, 2011 through

1 C. W. Laurence -- CONFIDENTIAL
2 fact, what I would highlight different
3 to say if the fact pattern was I can't
4 compare these, there's sixteen
5 million, there's fourteen million.

6 Here it's quite specific, as I
7 was explaining a few moments ago. I
8 am able to tie the fourteen million,
9 approximately, most of that through to
10 these statements. So my observation
11 would be that there are sixteen
12 million of identified -- sixteen-plus
13 million of identified net settlements
14 of which fourteen million are
15 supported by the bank statement
16 activity that I've seen.

17 Q. And leaving that difference of
18 2.6 million which the netting confirmation
19 packages suggest should have been paid but
20 which, when you look at the bank
21 statements, are not evidenced by the bank
22 statement; correct?

23 A. That's correct.

24 Q. You also considered entries on
25 Ambika's bank statements reflecting

1 C. W. Laurence -- CONFIDENTIAL
2 credits and debits with Probusinessbank;
3 correct?

4 A. That's correct.

5 Q. And what was the purpose of that
6 analysis?

7 A. My expectation, my understanding
8 was that -- of this relationship was that
9 while Wonderworks had these forward
10 transactions with Ambika, that Ambika was
11 an intermediary in this such that there
12 would be an equivalent offsetting
13 agreement between Probusinessbank and
14 Ambika. So my analysis was to analyze how
15 that relationship worked so to try and
16 determine and analyze through the bank
17 statement detail as I didn't have the
18 trading detail between Probusinessbank and
19 Ambika to use the cash flows excluding
20 cash flows from Probusinessbank that are
21 specific with Ambika but that relate to
22 other things such as loans and FX so
23 therefore identifying the forward
24 trading-related activity and analyzing
25 those net inflows and outflows to support

1 C. W. Laurence -- CONFIDENTIAL

2 my expectation that these were an offset.

3 Q. So you had -- you say you had an
4 expectation or an understanding of the
5 relationship between the
6 Wonderworks/Ambika transactions and the
7 Ambika/Probusinessbank transactions.

8 What was that understanding
9 based on?

10 A. I had discussions with Gibson
11 Dunn for sure, definitely discussions. I
12 think I saw a schedule that described
13 something like that.

14 Q. Were you asked to make any
15 assumptions for purposes of this analysis
16 that these were -- that Ambika was acting
17 as an intermediary and that there were
18 offsetting agreements with
19 Probusinessbank?

20 A. My understanding that the Ambika
21 transactions would have been supported by
22 a transaction for Probusinessbank to have
23 dealt through Ambika with similar
24 transactions led me to perform the
25 analysis I performed.

1 C. W. Laurence -- CONFIDENTIAL

2 going.

3 Q. So it's possible that Ambika had
4 a neutral economic --

5 MR. TAFT: Strike that.

6 Q. So it's possible that, by
7 entering into offsetting transactions with
8 Probusinessbank, Ambika had a neutral
9 economic position with respect to these
10 forward contracts?

11 A. I think it's possible, yes.

12 Q. But you haven't established that
13 in your report?

14 A. I performed an analysis which I
15 think suggests that it's directionally
16 that way or it's close to that.

17 Q. In order to support your opinion
18 that the pricing of the forward contracts
19 between Ambika and Wonderworks was
20 commercially reasonable, you looked at the
21 trade date for -- I'm sorry, you looked at
22 the closing price for the securities
23 covered by a given forward contract on the
24 date that contract was entered into;
25 correct?

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2 A. Yes.

3 Q. And that's just for the equity
4 securities?

5 A. Yes.

6 Q. And for the fixed income
7 securities, you looked at the -- how did
8 you determine that the forward contracts
9 relating to fixed income securities were
10 commercially reasonable?

11 A. I compared the pricing to
12 Bloomberg.

13 Q. On the date that the contract
14 was entered into?

15 A. Yes.

16 Q. Did you do any other analysis to
17 support your conclusion that the pricing
18 on these forward contracts was
19 commercially reasonable?

20 A. On the equity portion, I
21 compared -- first my view is that the
22 pricing is commercially reasonable because
23 these trades have relatively short
24 expirations. But in any event, these are
25 one of the key -- I think the most

1 C. W. Laurence -- CONFIDENTIAL
2 important element of determining price in
3 forward contracts like this is the press
4 at that time and the fact that comparing
5 those prices, these equities are
6 consistently priced at the pricing on the
7 day that they're entered into gives me
8 comfort that they're commercially
9 reasonable.

10 I validated the settlement
11 prices by looking at Bloomberg data to
12 make sure that therefore the settlement
13 was also -- that the pricing was
14 reasonable and that the settlement was
15 correctly calculated.

16 Q. And did you do any further
17 analysis to determine that the pricing on
18 the fixed income forward contracts was
19 commercially reasonable?

20 A. I'd say I confirmed the pricing
21 with Bloomberg both from the date of trade
22 as well as settlement.

23 Q. And looking at the settlement,
24 the settlement date, that's just -- that
25 has nothing to do with the terms when the

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2 A. That's correct.

3 Q. You can put Defendant's
4 Exhibit 45 aside.

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10 A. Commercially reasonable to me is
11 when there is reasonableness to the terms
12 from a commercial perspective.

13 Q. Is that a term of art in
14 accounting?

15 A. It is not.

16 Q. Did you cite any authorities
17 that discuss what commercial
18 reasonableness means with respect to
19 future contracts or loans?

20 A. I don't believe the term itself
21 is formally defined, although it is
22 frequently used.

23 Q. My question was did you cite any
24 authorities in your report that discuss
25 what commercial reasonableness means with

1 C. W. Laurence -- CONFIDENTIAL
2 respect to future contracts or loans.

3 A. No. As I said, I don't believe
4 there's a specific definition.

5 Q. So if two experts were to be
6 asked whether a transaction were
7 commercially reasonable, could there be
8 any certainty that they were applying the
9 same standard to that inquiry?

10 A. It would depend on the facts and
11 circumstances.

12 Q. Is it fair to say that you have
13 not provided a definition of what you mean
14 by commercially reasonable in the -- in
15 your report?

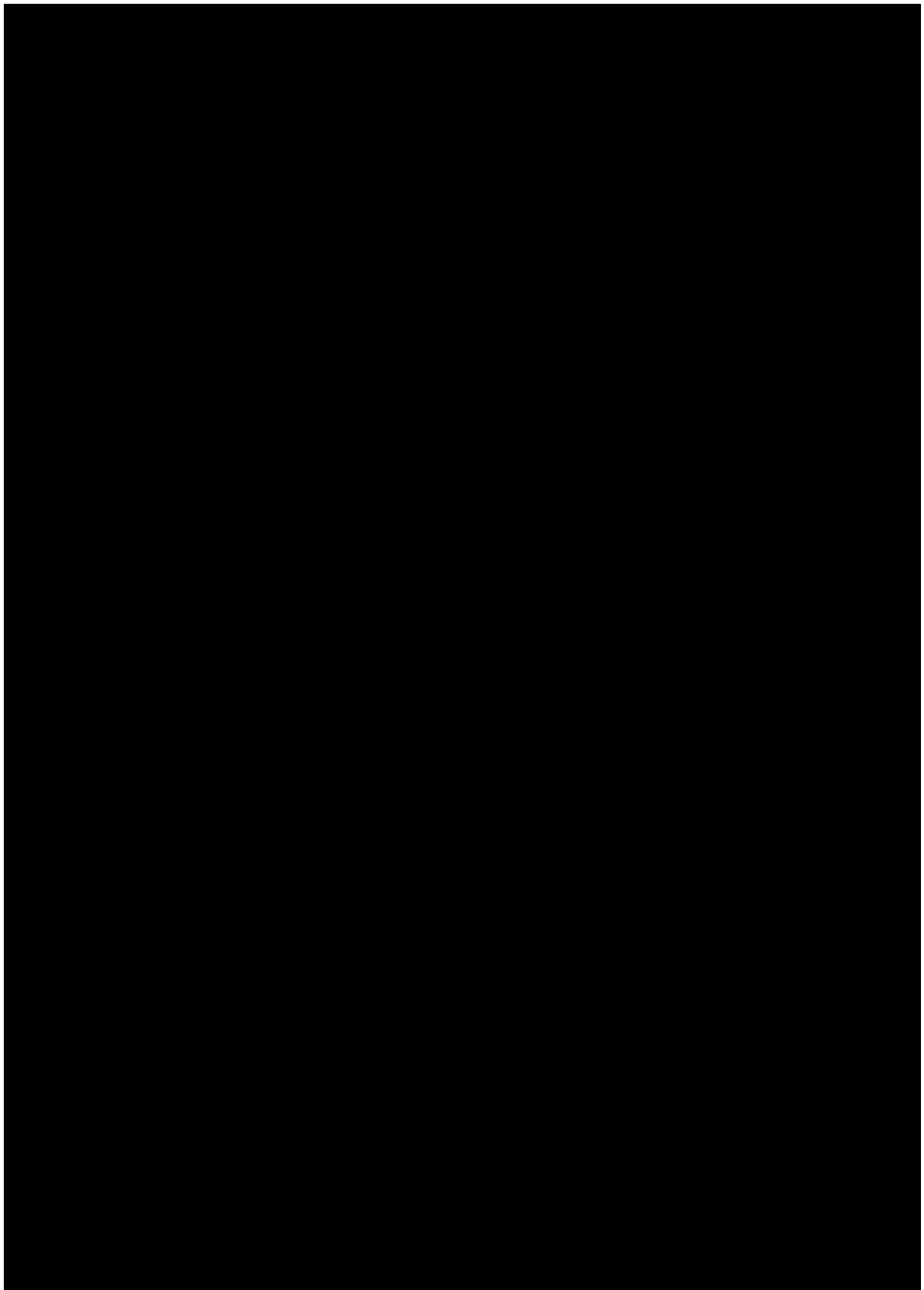
16 A. To my mind, this context is
17 quite self-evident.

18 Q. You said that it's -- you've
19 just told me that commercially reasonable
20 means to you that there is reasonableness
21 to the terms from the commercial
22 perspective.

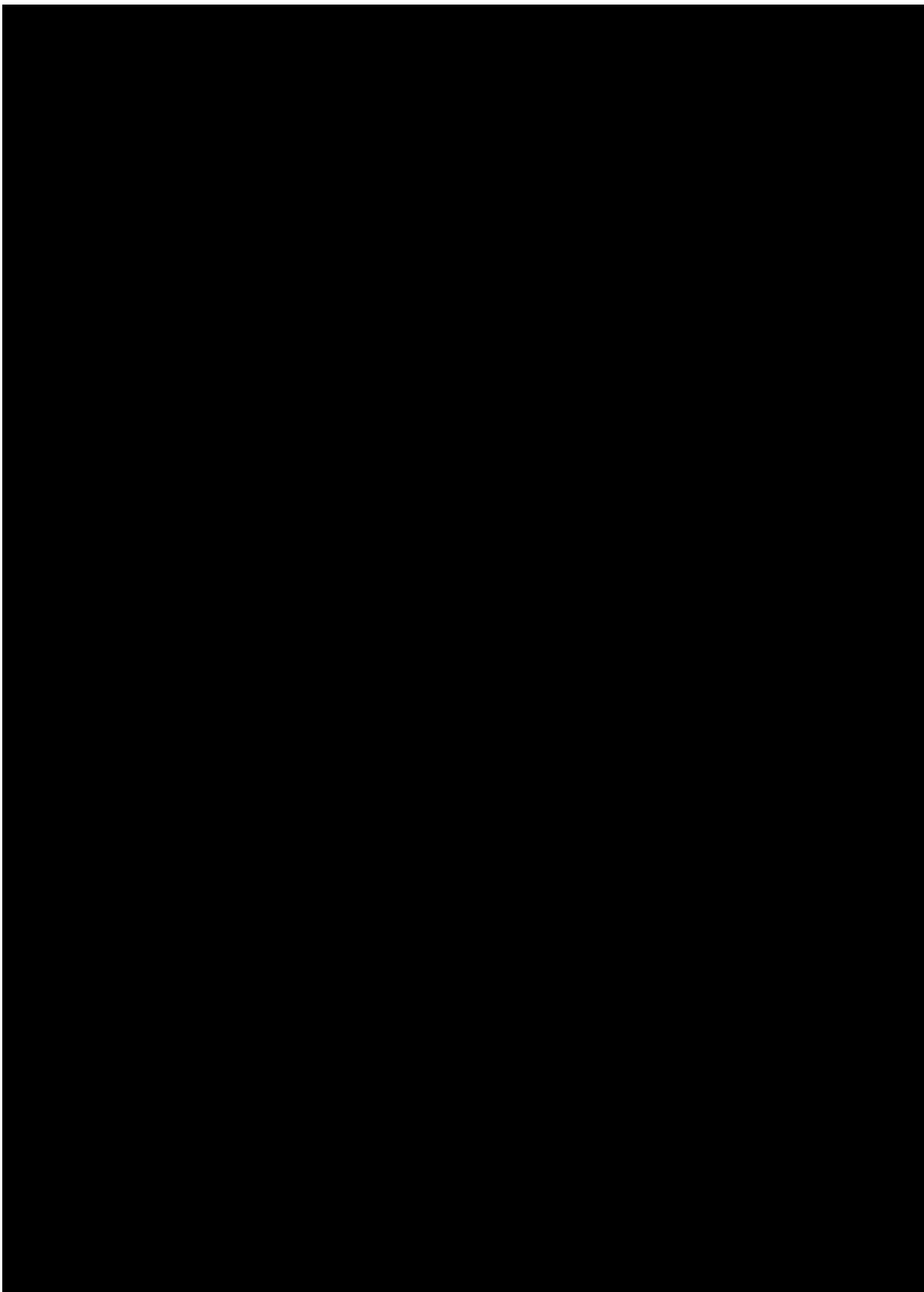
23 What do you mean by
24 reasonableness?

25 A. Reasonableness that there's some

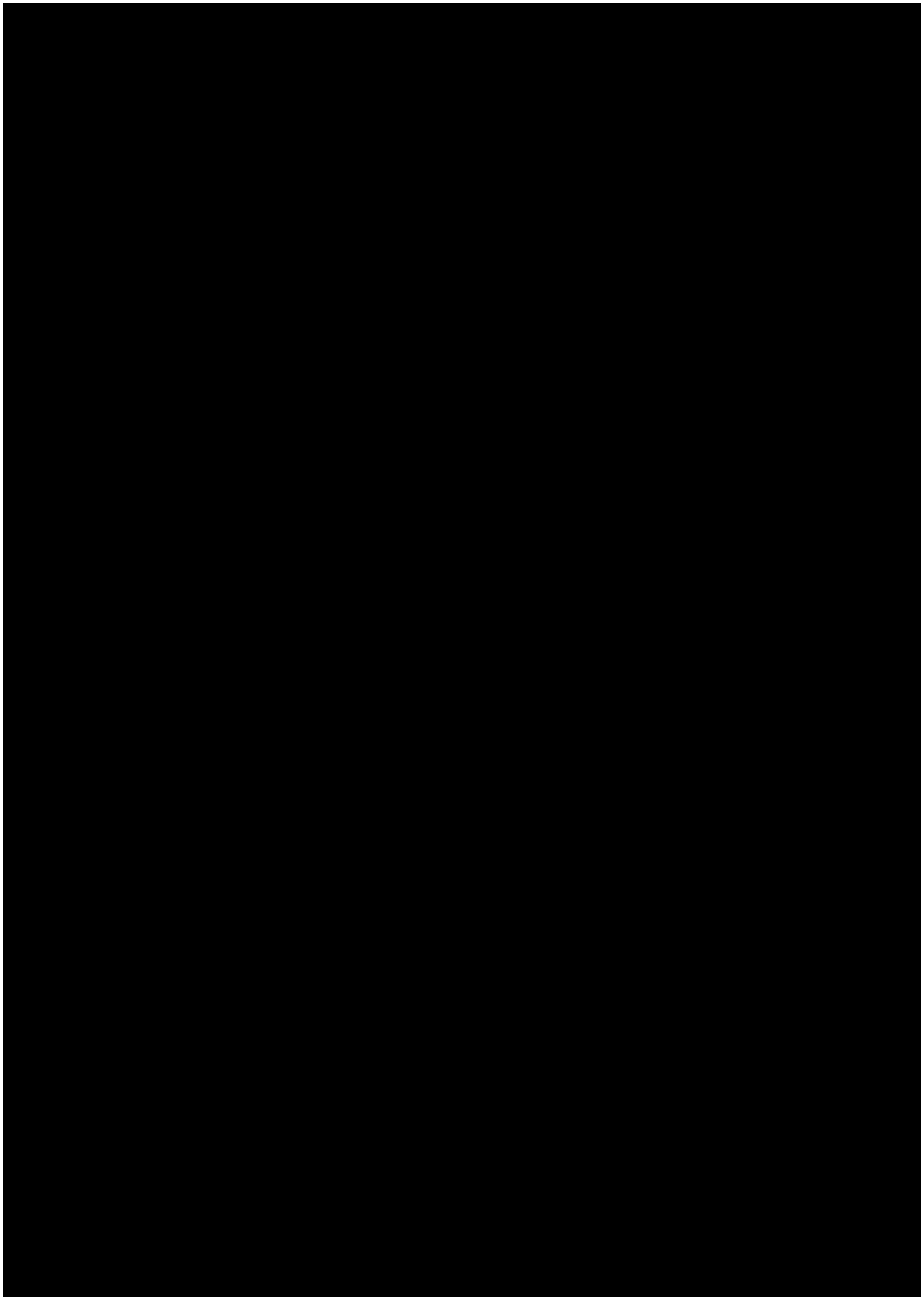
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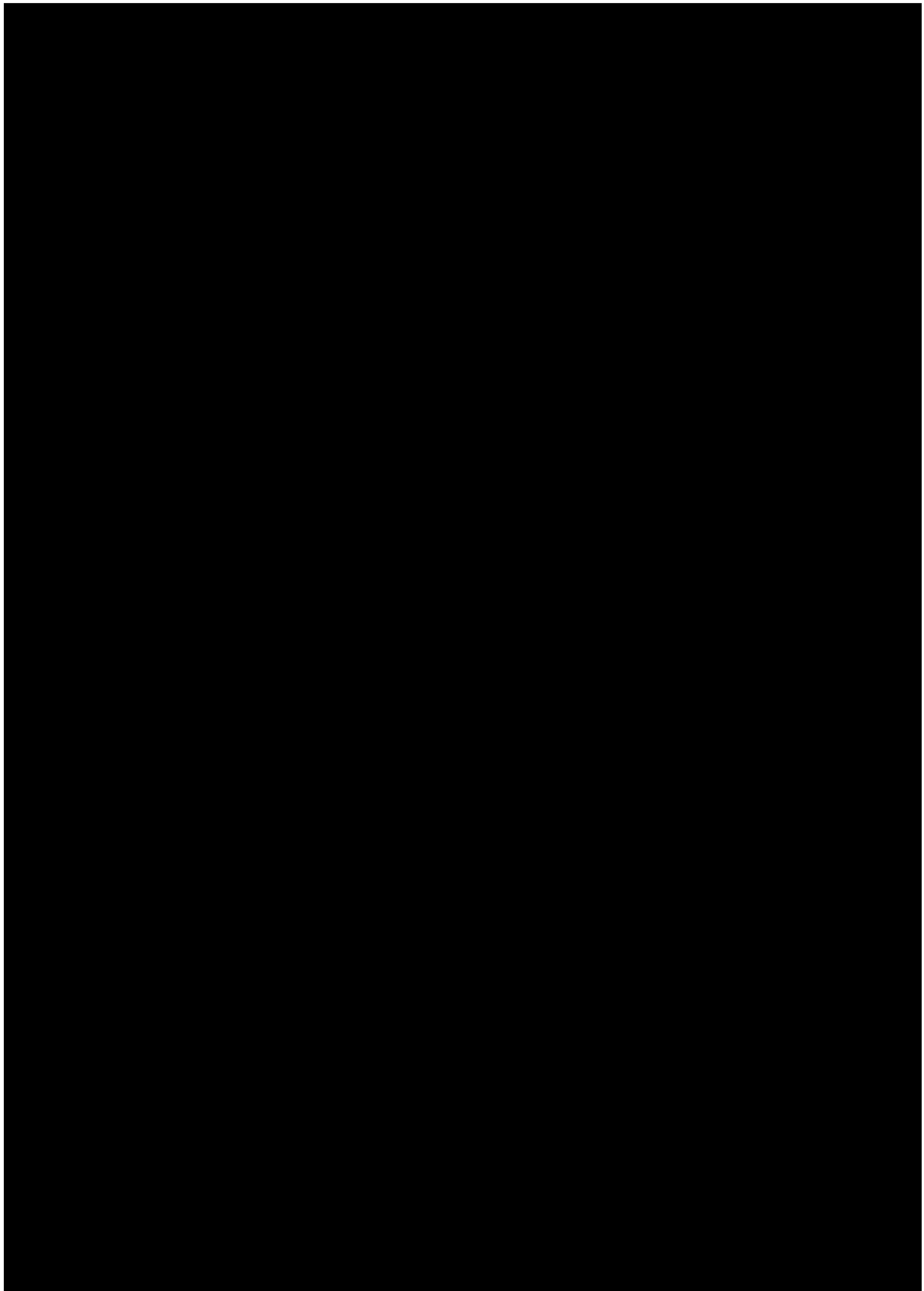
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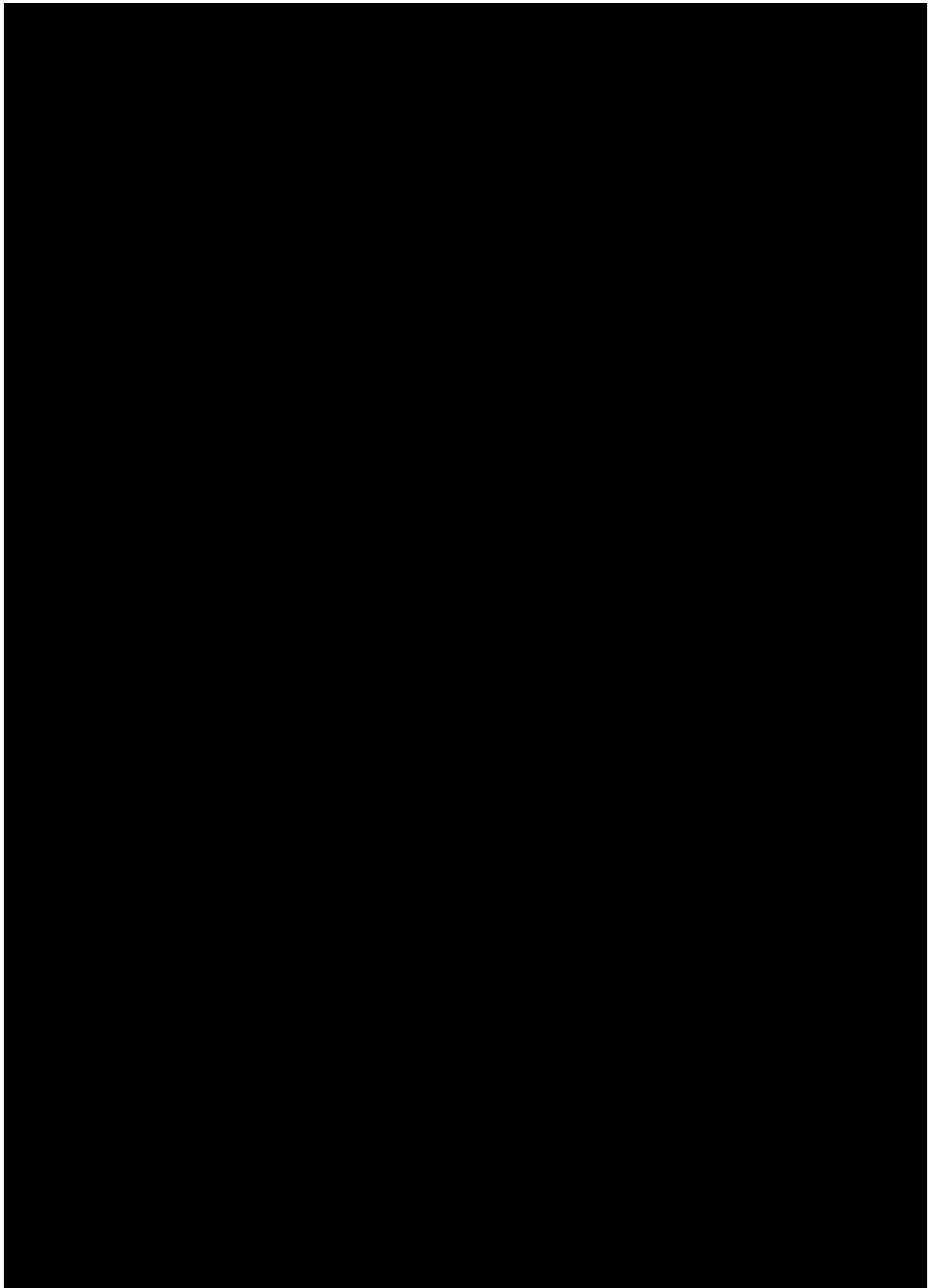
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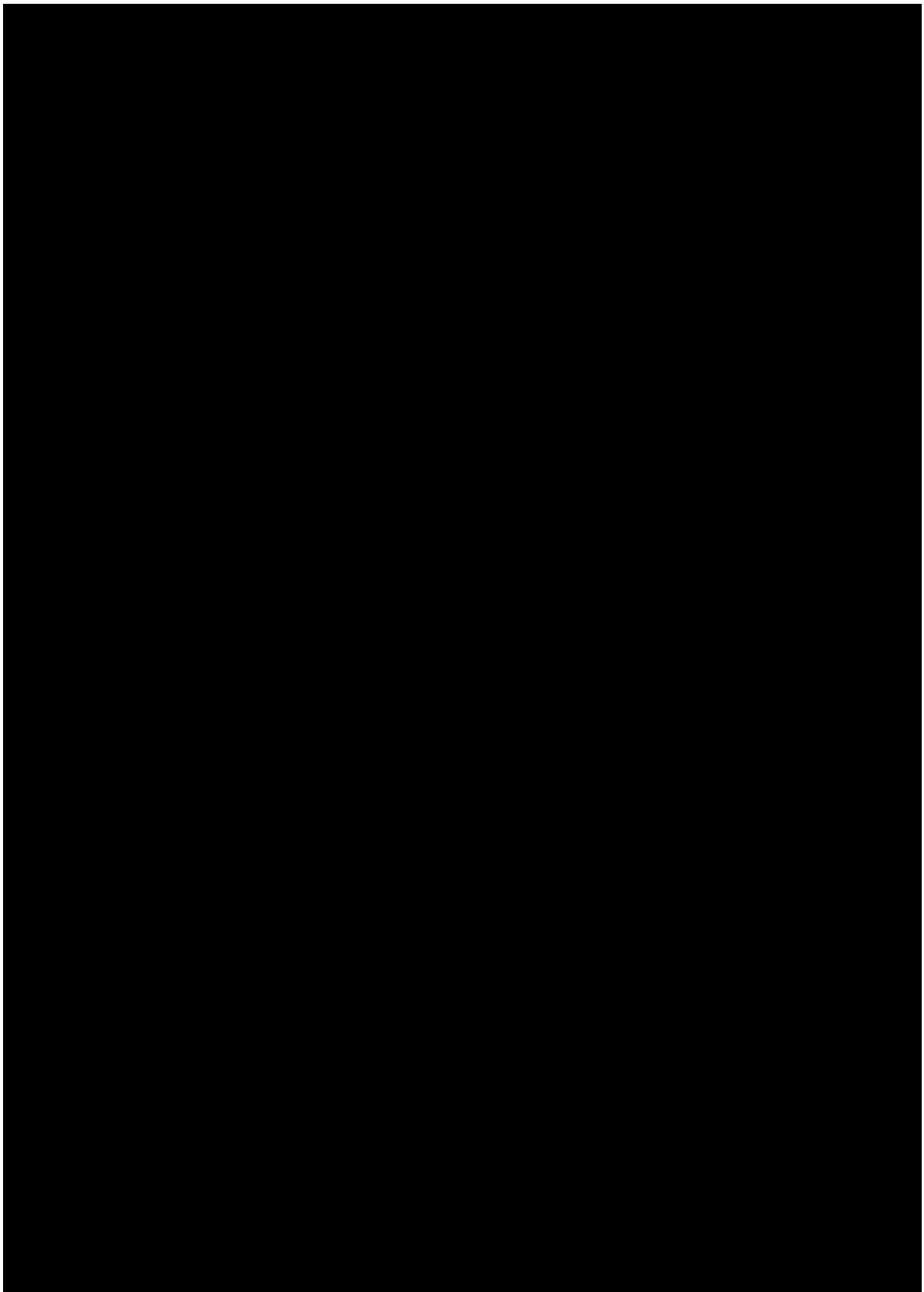
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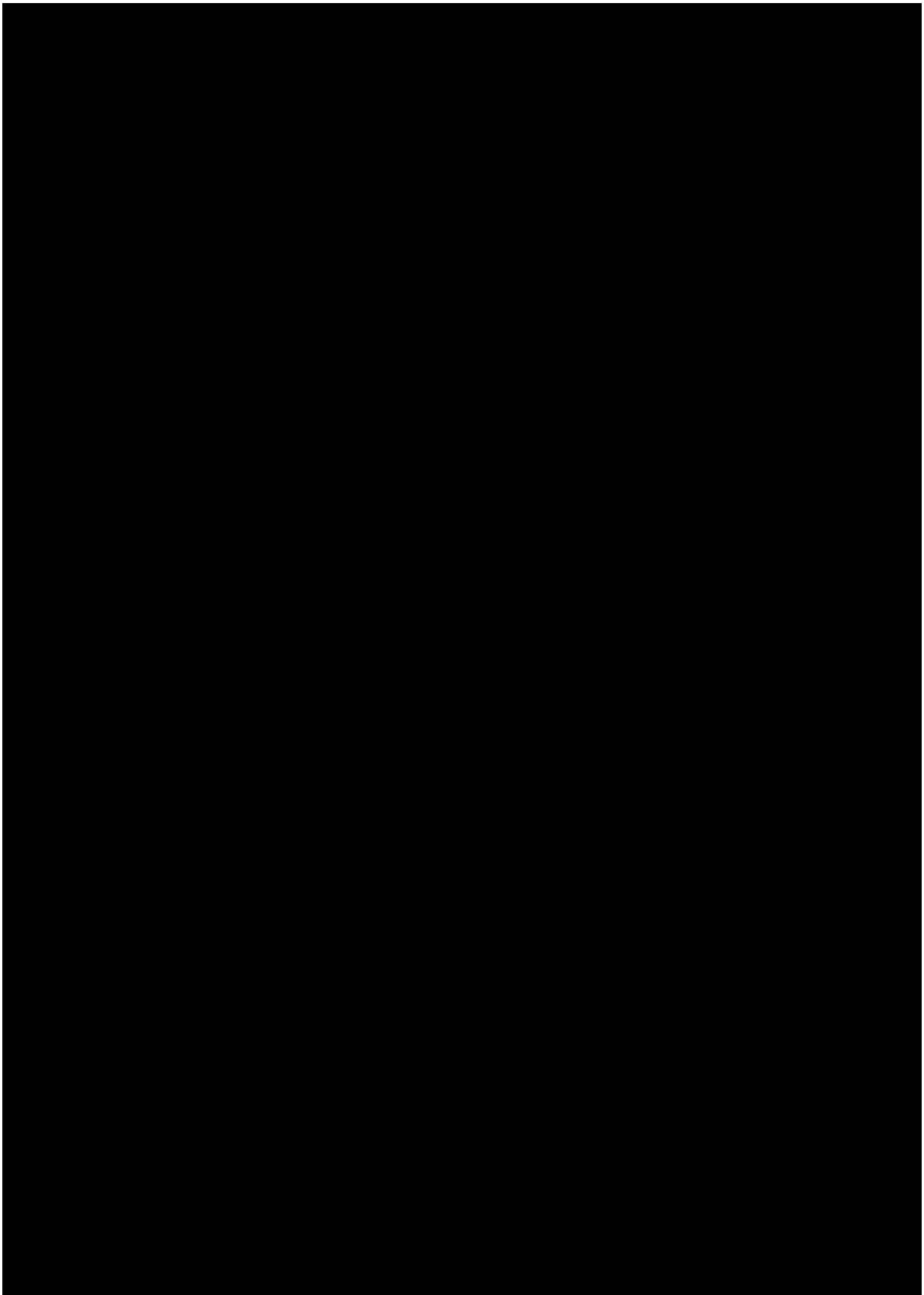
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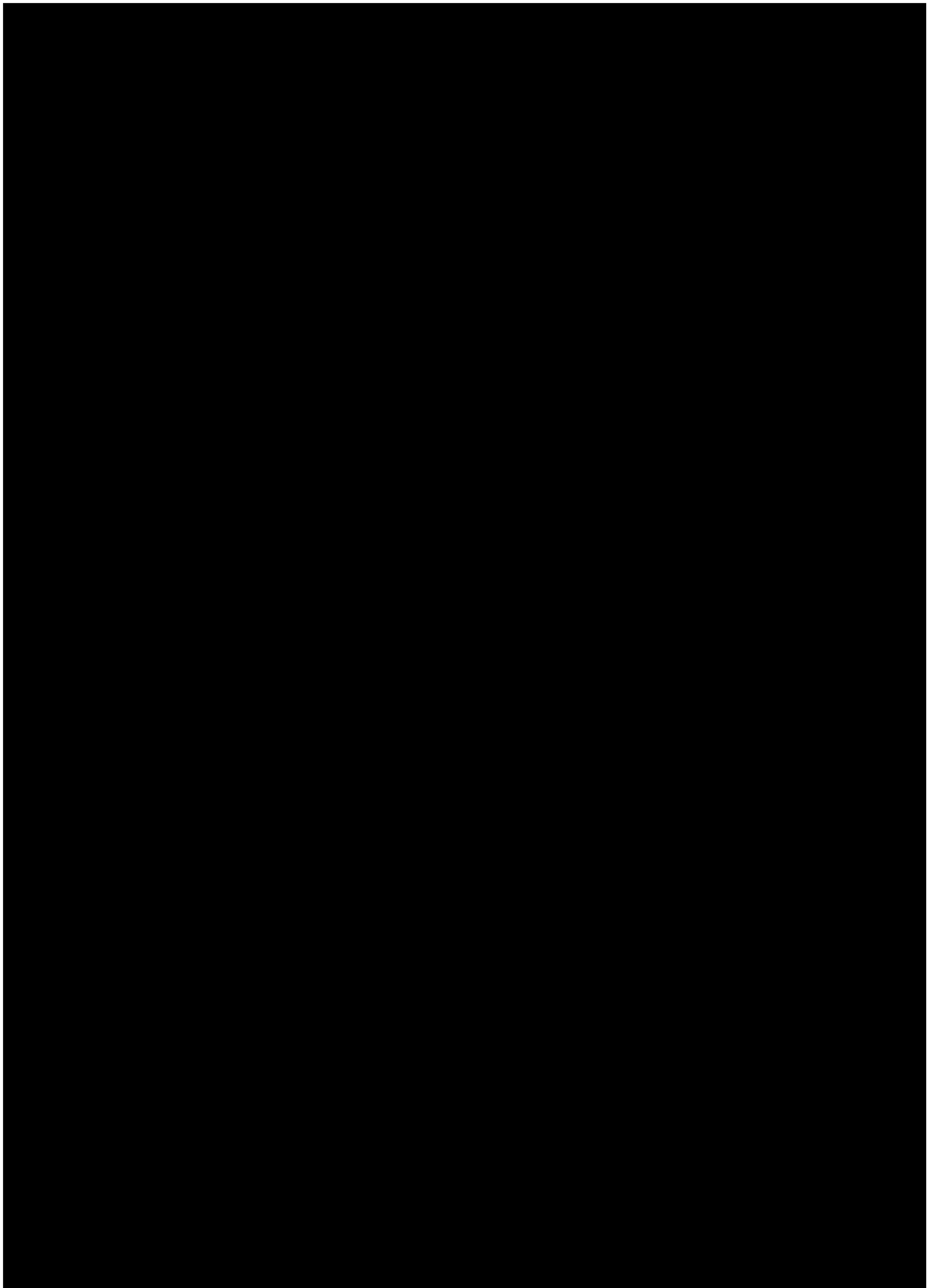
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CERTIFICATION BY REPORTER

I, Wayne Hock, a Notary Public of the State of New York, do hereby certify:

That the testimony in the within proceeding was held before me at the aforesaid time and place;

That said witness was duly sworn before the commencement of the testimony, and that the testimony was taken stenographically by me, then transcribed under my supervision, and that the within transcript is a true record of the testimony of said witness.

I further certify that I am not related to any of the parties to this action by blood or marriage, that I am not interested directly or indirectly in the matter in controversy, nor am I in the employ of any of the counsel.

IN WITNESS WHEREOF, I have hereunto set my hand this 17th day of January, 2017.

Wayne Hock